Petition

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81-1345

No. ....
IN THE

Supreme Court of the United States

October Term, 1981

HARRY SIMONS,

Petitioner,

vs.

SOUTH-WESTERN PUBLISHING CO., a corporation,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

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Questions Presented.

1. Whether a renewal copyright is "assigned" by a contract that does not mention the words "copyright", "renewal", or refer in any manner to the assignment of any rights, and the alleged assignee's president concedes that it never had any intention of obtaining any renewal copyrights?

2. Whether the express statutory right of an author under former § 24 and present § 304(a) of the Copyright Act (17 U.S.C.) to renewal copyrights can be defeated by an alleged assignment of his renewal copyrights executed before his rights had vested?

3. Whether an author who himself creates an original copyrighted work and is not an employee for hire but an independent contractor can be deprived of the statutory right to renewal of copyright by the claim that he was "commissioned" to do the work?

4. Whether § 43(a) of the Lanham Act should be extended to cover the false attribution by a publisher who fails to give credit to the author of a textbook and identifies others as the "authors"?

5. Whether it is consistent with the constitutional mandate to favor authors for a court to so interpret a contract covering intellectual materials that the contract *cannot ever be performed and must end in a breach by the author*?

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To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Petitioner, Harry Simons, prays that a Writ of Certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW.

The unreported opinion of the United States District Court for the Central District of California is printed in Appendix A hereto, pp. 1-5. The opinion of the United States Court of Appeals for the Ninth Circuit is reported at 651 F.2d 653 (9th Cir. 1981) and is printed in Appendix A hereto, pp. 6-13. The order modifying the opinion of the Court of Appeals is printed in Appendix A hereto, p. 14.

JURISDICTION.

The judgment and opinion of the United States Court of Appeals for the Ninth Circuit was entered in favor of Appellee, South-Western Publishing Co., on July 20, 1981.

A timely Petition for Rehearing was filed in the Court of Appeals on August 3, 1981. On August 21, 1981, Appellee was ordered to respond thereto. On September 30, 1981, the Court of Appeals ordered its opinion amended, and on October 16, 1981, the Court of Appeals denied Simons' Petition for Rehearing.

The jurisdiction of the Supreme Court is conferred by 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISIONS & STATUTES.

(See Appendix B)

STATEMENT OF CASE.

South-Western Publishing Co. (S-W) is publishing and selling a leading textbook entitled "Intermediate Accounting". Ex. AG. Ninety percent (90%) of the material for the current edition of this book was written by Professor Harry Simons (Simons). RT 380:11-18. By the decision below, S-W has been permitted to: continue exploitation of this and a related textbook, "Advanced Accounting", by Simons; drop Simons' name from the books; give authorship credit to other individuals for materials written by Simons; and discontinue paying royalties to Simons in the future.

These results obtain despite the facts that: Simons owns a renewal copyright on major portions of the material in the current books; and he has *not* given S-W any written or oral assignment or license to exploit his works.

The underlying facts follow.

The relationship between Simons (in Los Angeles) and S-W (in Cincinnati) began over forty (40) years ago. The earliest written contract between the parties was for a text "Advanced Accounting" that was published in 1941. That contract did *not* mention copyright, the right to obtain renewal copyright, or contain an assignment to S-W of any rights. It did provide for a royalty based upon sales. Ex. A.

Following a tour of military duty in World War II, Simons resumed his writing career by expanding the original volume

of "Advanced Accounting" into two texts entitled "Intermediate Accounting" and a companion volume, "Advanced Accounting", both of which were published in 1949 and listed Simons as an "author". Exs. AD & AE. Separate contracts were entered into for each of these books. They were virtually identical to the 1941 contract; again *no* mention was made of copyright, renewal copyright, or the assignment of any rights. Exs. D & F. There was no discussion between the parties concerning copyright. The contracts were drawn by S-W, and Simons was not represented by counsel. RT 163:13-16; 164:23-165:4.

S-W obtained the first (28 year) term copyrights on these books, representing to the Copyright Office that they were entirely new works. On the copyright certificates, S-W named Simons as an "author" despite the fact that the applications provided these instructions applicable to a work written for hire:

> ". . . the word 'author' shall include 'an employer in the case of works made for hire.' " Exs. E & H.

S-W did not then or ever include its name as "author".

In the period 1953-1955, the series was expanded from two volumes to four. Thereafter, until 1968, Simons continued to author all four books. He would first update a "Comprehensive" edition and then a "Standard" edition of "Intermediate Accounting" and then update a like set of "Advanced Accounting". For each volume in each edition, there was a separate contract. RT 194:14 to 195:25. Normally, contracts were submitted when work commenced, which was approximately two years prior to publication. RT 197:3-13.

Commencing with the publications issued in 1953, S-W used a printed form contract. Exs. O, P, R, S, U, W and X. Although the parties did not discuss the subject of copyright before they were signed, these forms contained a provision [paragraph (C)(1)] that the publisher would obtain as its property, the copyrights and renewal copyrights on

the "work" described by title in each contract. The form contract did *not* provide that Simons was an employee for hire; on the contrary, he was referred to in the contracts and copyright certificates as the "author" and was always given authorship credit on the books.

Throughout the period 1953-1968, S-W issued new editions of the subject texts at five to six year intervals. RT 207:24 to 208:2. The only exception to this practice was publication of the fourth edition of "Advanced Accounting". This book was published in 1968, *eight* years after its predecessor due to problems encountered by the S-W editorial staff. Ex. AH; RT 245:7-11; 250:11-13.

In 1969, a dispute (thereafter resolved) developed. Without Simons' knowledge or consent but pursuant to a "plan" developed in 1966, S-W hired one Jay Smith as a "co-author" for "Intermediate Accounting", fifth edition. RT 257:8-14; Ex. 12; Gerhardt Dep. 82:17-23. Thereafter, rather than sending Simons his usual contract, S-W sent him a modified contract that would have terminated him. Ex. 122. After attempting unsuccessfully to determine whether S-W really intended to exclude him, Simons refused to sign the contract and sought counsel. Ex. 125; RT 284:16-19. Nevertheless, and without a contract, Simons continued to work on the new edition. Exs. 128 and 129. Ultimately, the matter was resolved and a new contract executed. Ex. 144. Smith was compensated for his work on the fifth edition, but was not accorded authorship credit.

In the early 1970's, following his usual pattern, Simons completed work on the fifth edition of "Intermediate Accounting" and commenced work on the fifth edition of "Advanced Accounting". He selected the most important area (consolidations) and prepared manuscript for ten chapters. RT 342:16 to 344:5; 349:7-10. S-W knew that Simons was working on this material. RT 1168:18 to 1169:22. Nevertheless, although it was customary for S-W to send a contract when work on a new edition commenced [RT

516:21-23], S-W did not send Simons a contract for "Advanced Accounting". RT 344:6-15; Roberts Dep. 53:2-5. It merely allowed him to proceed with the belief that the usual contract would be forthcoming.

One reason for S-W's action was that in 1972 it had decided to hire others to write an entirely new book on the same subject matter and to publish it under the same title — "Advanced Accounting". RT 951:11-14. A second reason was that it had secretly hired another "author" to update Simons' "Advanced Accounting". Ex. 14. Simons first learned of these matters from the complaint filed against him in 1976. RT 349:7 to 351:20.

At the same time, S-W developed a "strategy" to *discourage* Simons from forwarding his new material. Ex. 189. Then, in May, 1974, it implemented its plan. S-W's president wrote Simons a letter demanding that he have a "co-author" for "Advanced Accounting" and stated that he should have already begun work on a new edition of "Intermediate Accounting". Ex. 158. The latter demand was patently artificial because the latest edition of that work had been first published that very year, 1974. CR 516:17.

Simons responded informally *and* by letter to these unusual demands. He said merely that it was his *opinion* that it was "premature" to start revising "Intermediate Accounting" so soon, and he asked for good faith negotiations for a new contract. Ex. 162. *It was this opinion that is the basis of the lower court's decision that Simons breached a contract.*

It is uncontroverted that Simons continued to work during this period on "Advanced Accounting". At trial, Simons testified that he *never* refused to work. RT 1170:12-14. *S-W's editor* confirmed this; he also testified that he *never* gave Simons an order to prepare a manuscript that Simons refused to prepare. He further testified *that Simons never breached any contract*. Gerhardt Dep. 77:18 to 78:23 and 64:2-12. S-W's president *admitted* that *his demand* in 1974

to Simons to begin work on "Intermediate Accounting" *was premature*; that Simons had plenty of time to first complete "Advanced Accounting" and then start "Intermediate Accounting"; and that the demand for co-authors was inadvertent. *He maintained that S-W had not even decided a co-author was necessary*. RT 752:2 to 753:9; 771:18 to 772:22. Another S-W official admitted that *there was nothing in the contracts that allowed S-W to terminate Simons' royalty as long as it used his materials*. Roberts Dep. 63.

Meanwhile, Smith wanted to be named author of "Intermediate Accounting", and he pressed S-W on this matter. He stated his position in the form of an ultimatum; unless Simons was "eased" out, he would not work on the book. Exs. 160 & 184; RT 1059:20 to 1062:2. Smith further testified that *he was entitled to a royalty for the creative efforts of Simons*. RT 1092:7-10.

In November, 1974, without Simons' knowledge or consent, S-W contracted with Smith and one K. Fred Skousen to update "Intermediate Accounting". Ex. 163. Simons was flatly told by S-W that he would not be doing any work on the series, others would "author" revisions of his books, and he would receive a reduced royalty. Ex. CK. Simons objected and indicated that he wished to continue to be active. Exs. 171 & 135. S-W responded by suing Simons in District Court of Ohio in July, 1976. Ex. 172.

S-W's action was for declaratory relief *validating and modifying* its arrangement with Simons so that it could hire others to update his works and pay him a *reduced* royalty for the use of his material in later editions. *It did not claim that Simons had breached any contracts or that his right to royalties had terminated*. CR 970-983.

It is relevant that despite the language of its post-1953 form contracts, S-W followed the INVARIABLE POLICY OF NEVER OBTAINING A RENEWAL COPYRIGHT ON ANY BOOK IN ITS ENTIRE CATALOGUE. RT 915:6 to 916:6. Its president testified:

> "... we always felt that anything that old was obsolete ... and needed no further protection." Ex. 132.

He further testified that he stood on the following statement made by him in a letter in 1970:

> "Textbooks never last long enough to have a renewal copyright." Wilson Dep. 57:23 to 58:7.

Absent timely renewal, the copyrights on the 1949 books would have lapsed in 1977. The contracts for these books [Exs. D & F] contained no "assignment" of the renewal copyrights (actually, they made no mention of copyrights whatever), and S-W had renounced any interest in all copyright renewals. Ex. 132. In 1976, Simons obtained the renewal copyrights thereon pursuant to former 17 U.S.C. § 24. Exs. 8 & 9. In doing so, Simons gave advance notice of his intentions to S-W, and *S-W actually assisted Simons in obtaining the copyright renewals in his name*. Exs. 166-167. Shortly thereafter, S-W did something that *it had never done in its entire history. It registered claims to renewal copyrights* on Simons' books. Exs. AK & AL.

A month after S-W sued him, Simons brought suit in District Court in California for copyright infringement, unfair competition, a declaration that he could not be excluded from authoring his own works, false attribution of his material to others and other relief. CR 1-15.

During litigation in 1977, S-W published the sixth edition of "Intermediate Accounting". RT 16:13-18. Simons' name was omitted from the book. Ninety percent (90%) of the material contained therein had been written by Simons for earlier editions. RT 380:11-18. Twenty-two and two tenths percent (22.2%) of the new book was copied from the 1949 edition. Ex. 7.*

The rulings below were adverse to Simons. Both the District Court and the Court of Appeals based their conclu-

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*A small portion of this material was in the public domain because of the failure to renew the copyright on the 1941 book.

sions upon gross factual errors that fatally infected their decisions. The District Court [CR 871-876] somehow viewed Simons as a transient contributor to the subject works when the fact is that no one else made any significant creative contribution. OB 6-7. To indicate the importance of Simons' authorship, at one time S-W considered retitling the books "Simons' Intermediate Accounting" and "Simons' Advanced Accounting". Ex. 189.

In its original opinion, the Court of Appeals erroneously stated that the original contract "specified that S-W obtain the copyrights" and, based thereon, concluded that the use of the word "copyright" was evidence of the parties' intention "to encompass both the original and renewal copyrights" and thereby precluded a finding of infringement. In fact, neither the original 1941 contract nor the next two contracts for the 1949 books mention the word copyright, ownership thereof, or make any reference to an "assignment" of copyright, renewal thereof, or any interests therein. Exs. A, D & F. The modifications (deletions) of the Court of Appeals' opinion undermine its conclusions on this issue.

In summary, after more than thirty-five (35) years of dedicated effort by Simons in developing the leading series of texts in the professional field of accounting, S-W sought to exclude Simons' participation and refused to recognize his authorship. The appellate court went even further; it inferred an "assignment" and found a "breach" that never existed and had not been urged by S-W.

Federal jurisdiction is authorized on the basis of diversity of citizenship. Simons' copyright infringement claims raise federal questions under the Copyright Act, and jurisdiction is authorized by 28 U.S.C. § 1338.

ARGUMENT

I.

The Constitution, Statutes, and Judicial Decisions Protect an Author's Creative Works From Unfair Exploitation by Others.

This case raises important and unique issues in the field of intellectual property. It involves aspects of the law of unfair competition, false attribution, fiduciary relations and copyright. It will here be shown that the Constitution, statutes and judicial decisions protect an author's creative works from unfair exploitation by publishers.

One of this Country's most treasured possessions is the art, literature and inventions created by its citizens. Such works are not mass produced by machine or computer. They are, to this day, hand-crafted in every detail.

During the era of the Warren Court, this predilection in favor of authors and inventors was discounted in favor of the free dissemination of creative works. *Sears, Roebuck & Co. v. Stiffel*, 376 U.S. 255, 84 S.Ct. 784, 11 L.Ed. 661 (1964); *Lear v. Adkins*, 395 U.S. 653, 89 S.Ct. 1902, 23 L.Ed.2d 610 (1969). However, that trend has been reversed by this Court. *Goldstein v. California*, 412 U.S. 546, 93 S.Ct. 2303, 37 L.Ed.2d 163 (1973); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 94 S.Ct. 1879, 40 L.Ed.2d 315 (1974). It is submitted that the decision herein unnecessarily restricts the creative philosophy encouraged by our forefathers and is contrary to the dictates of the Copyright Act and judicial decisions protecting authors' rights.

The principles here involved were pled, tried, and briefed by both parties in depth. However, neither court below directly addressed them. Instead, they found a "breach" by Simons of fully and satisfactorily performed contracts and an "assignment" of all of his rights to S-W. The ultimate conclusion of the Court of Appeals is that unless the original author continues to update his prior works *in per-*

petuity, he can never fulfill his obligations, and the relationship with his publisher must necessarily end in a *breach*.

By his complaint and counterclaims [CR 1042-1059; 987-996], Simons pled multiple counts of copyright infringement, unfair competition, breach of trust and false attribution. The District Court, without specifying any basis therefor, dismissed all of these counts in two sentences. CR 874:22-26; 875:13-15. The Court of Appeals expressly refused to discuss any of his claims except for copyright infringement.

In order to properly analyze the pertinent issues, it is necessary to consider the historical underpinning of the law with respect to the creative works of authors. Prior to our Constitution, the English had recognized the need for special protection for authors in business matters, largely because of their historical imprudence in that area. *White-Smith Music Pub. Co. v. Goff*, 187 Fed. 247 (1st Cir. 1911); 2 *Nimmer on Copyright* (1981) § 9.02, p. 9-22. For this reason, our forefathers similarly protected the rights of authors in the Constitution. Art. I, § 8. Thus, Congress was vested with the power:

> "To promote the Progress of . . . Useful Arts, by securing for limited times to Authors . . ., the exclusive Right to their . . . writings . . ."

This provision is the basis for the Copyright Act. *Mazer v. Stein*, 347 U.S. 201, 219, 74 S.Ct. 460, 471, 98 L.Ed 630 (1954). However, this provision has been interpreted as applying to protect authors' rights generally. As stated in *Dallas Cowboys Cheerleaders, Inc. v. Scoreboard Posters, Inc.*, 600 F.2d 1184, 1187 (1979):

> "The judgment of the constitution is that free expression is enriched by protecting the creations of authors from exploitation by others."

Commenting upon the constitutional provision, this Court said in *Mazer v. Stein, supra*:

> "The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.' "

The viability of this philosophy has recently been reaffirmed in *Universal City Studios v. Sony Corp. of America*, __ F.2d __ (9th Cir. 1981), rev'ing 480 F.Supp. 429:

> ". . . it is clear that the real purpose of the copyright scheme is to encourage works of the intellect, and that this purpose is to be achieved by reliance on the economic incentives granted to authors and inventors by the copyright scheme. This scheme relies on the author to promote the progress of science by permitting him to control the cost of and access to his novelty."

In *Fisher Music Co. v. Witmark & Sons*, 318 U.S. 643, 653, 87 L.Ed. 1055 (1942), the Supreme Court observed that Congress was "preferring the author to the bookseller." See also *White-Smith Music Publishing Co. v. Goff*, 187 Fed. 247, 251 (1st Cir. 1911):

> "There are at least sentimental reasons for believing that Congress may have intended that the author, who according to tradition receives but little for his work, and afterwards sees large profits made out of it by publishers, should later in life be brought into his kingdom."

The foregoing authorities confirm that in cases involving authors' rights, the law must be applied and interpreted broadly so as to encourage creativity. Simons submits that he has not been extended the broad protection afforded to authors by the Constitution.

II.

Absent Express Agreement to Transfer the Copyright Renewal, the Right Thereto Remained in the Author.

With the foregoing Constitutional background in mind, Section 24 of the Copyright Act of 1909 was enacted. It provided for two *separate* twenty-eight year periods of copyright in a given work.* During the 28th year of the original term, application could be made for a second or "renewal" term of twenty-eight years. Rather than one consecutive 56 year term, Congress set up two separate terms so as to give *the author and his family* a "second chance" to profit from his creation. *Harris v. Coca-Cola Co.*, 73 F.2d 370 (5th Cir. 1934), cert. den., 294 U.S. 709, 55 S.Ct. 406 (1935).

The Copyright Act is very specific as to those persons entitled to apply for the renewal. Absent an employment for hire situation (and other here irrelevant exceptions), if the author is alive during the twenty-eighth year, he alone has the right to the renewal. In the event of the death of the author prior to renewal, such right is granted to the widow, widower or children of the author.

Because the renewal is said to "spring" from the statute, the courts have repeatedly characterized it as a "new" copyright or estate rather than a mere continuation or extension of the original. *Miller Music Corp. v. Daniels*, 362 U.S. 373, 377, 80 S.Ct. 792, 4 L.Ed.2d 804, 808 (1960). Renewals are separate from and independent of the initial copyright [*Fitch v. Shubert*, 20 F.Supp. 314 (S.D.N.Y. 1937)], free and clear of any rights, interests, or licenses attached to the original copyright [*G. Ricordi & Co. v.*

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*The essential provisions thereof are found in the current Copyright Act. 17 U.S.C. § 304(a). However, the renewal period for the works in question is 47 years.

Paramount Pictures, Inc., 189 F.2d 469, cert. den. 342 U.S. 849 (1951)]; and have all of the attributes of a new work copyrighted at the time the renewal is perfected. *Harris v. Coca-Cola, supra.* The right of renewal does not follow the author's estate [*Danks v. Gordon*, 272 Fed. 821 (2d Cir. 1921)] *or the ownership of the original term copyright. Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 743 (2d Cir. 1975).

Former § 7 and present § 103 provide copyright protection for "new matter" in later works embodying material from prior publications. Copyright on the "derivative" work does not extend the copyright on the previously published material; it protects only the "new matter" in the later publication. 1 *Nimmer on Copyright* (1981) § 3.04, p. 3-12. This is necessarily so for if one could obtain a new copyright life with every version of a work, the concept of a limited monopoly would be defeated, and a perpetual copyright could be obtained by making minimal changes. This rule is consistent with S-W's practice of executing separate contracts with each edition. Just as each copyright covered only the new matter, each contract covered only the newly written material. See S-W's comments on paragraph (A)(3) of the contracts. Ex. 132.

Absent a valid "assignment" of the renewal copyright, the foregoing authorities require the conclusion that there "sprang up" in Simons in the 28th year of the original copyright term of the 1949 works a new estate in the underlying works. Since he alone had the right to the renewal copyrights, in so doing *he prevented the works from falling into the public domain.* Absent a reversal (since S-W's "renewals" are ineffective), any third party will be free to copy the books.

S-W's defense to copyright infringement at trial was not based upon any "assignment" of the right to the copyright

renewals; it was asserted that S-W was "the proprietor of those works made for hire." CR 754:26-27.* Before deleting the erroneous language from its opinion, the Court of Appeals acknowledged that the District Court made no finding on "assignment" of copyright. It said that a word ("copyright") that was *not* in the original contracts *was there*, that that (non-existent) word constituted an intent by Simons to "assign" his copyrights, and inferred therefrom that the District Court "necessarily found that Simons assigned his rights." Nothing in the record exists to support this implication, and the case was not tried upon the theory that there was any "assignment" of copyright in 1948.

At the time of the contracts in question, the right to the renewal was not a vested legal right, but a mere expectancy. However, the law is unsettled in this area. Nimmer points out that the purported grant of such an expectancy is "the subject of much dispute". 2 *Nimmer on Copyright* (1981) § 9.06, p. 9-68. Professor Nimmer discusses the construction of instruments which do not expressly mention a grant of renewal rights. 2 *Nimmer on Copyright* (1981) § 9.06[A], p. 9-68. He there concludes that:

> ". . . in the absence of language which expressly grants rights in 'renewals of copyright' or 'extension or copyright' the courts are hesitant to conclude that a transfer of copyright (even if it includes a grant of 'all right, title and interest') is intended to include a transfer with respect to the renewal expectancy." Citations omitted.

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*It is impossible to reconcile the appellate finding of "assignment" with the S-W position that it owned the renewals as the "proprietor" of works written for hire. Had S-W been the proprietor for hire from the outset, it would have been entitled to the renewal by statute [17 U.S.C. § 24], and Simons would have had nothing to "assign". Thus, the Appellate Court has made a finding at odds with S-W's contentions below.

There are numerous cases interpreting instruments containing rather strong and suggestive language of conveyance and holding that such language does not effectively constitute an assignment of renewal rights. *Edward B. Marks Music Corp. v. Charles K. Harris Music Publishing Co.*, 255 F.2d 518, 521 (2nd Cir. 1958); *Rossiter v. Vogel*, 134 F.2d 908, 910 (2nd Cir. 1943); *Hill & Range Songs v. Fred Rose Music. Inc.*, 570 F.2d 554, 557 (6th Cir. 1978); *Edward B. Marks Music Corp. v. Borst Music Publishing Co.*, 110 F.Supp. 913, 917 (D.C.N.J. 1953); *G. Ricordi & Co. v. Paramount Pictures Inc.*, 189 F.2d 469, cert. den. 342 U.S. 849 (1951); *Followay Productions Inc. v. Maurer*, 603 F.2d 72, 75 (9th Cir. 1979). For example, in *Borst*, *Followay* and *Hill & Range*, it is held that even an express and written assignment of "copyright" in general terms does not include a conveyance of the renewal copyright.

In *Rossiter v. Vogel, supra*, the instrument purported to convey "all right, title and interests". Refusing to impute within such language a conveyance of the renewal rights, the court explained:

> "And we have held that the circumstances justifying the transfer of the right of renewal must be stronger than those justifying the transfer of the copyright, since the right of renewal is separate from the original copyright."

It follows therefrom that the mere fact that, as here, the author allows the publisher to obtain the first term copyright, does not mean that there is any agreement with respect to the renewal copyright. However, it appears that the Court of Appeals erroneously concluded that Simons' acquiescence in allowing S-W to obtain the original copyrights precluded him from his statutory right to the renewal copyright. This precise question was decided in *G. Ricordi & Co. v. Paramount Pictures, supra*, and the Court there held as follows:

> "In *Fred Fisher Music Co. v. M. Witmark & Sons*, . . . which held that an author has power to assign his right of renewal during the term of the original copyright, no one suggested that rights assigned under the original copyright did not end with it, if nothing was said of renewal. We think they do."

Because of the Constitutional mandate to favor authors, the rules of construction of contracts for literary property normally favor of the author over the publisher who normally draws up the agreement. *Warner Bros. Pictures, Inc. v. Columbia Broadcasting Systems, Inc.*, 216 F.2d 945 (9th Cir. 1954). Similarly, it has been held that assignments are strictly construed against the assignee such that if a right is not expressly granted, it is presumed to have been reserved to the author. *Bartsch v. Metro-Goldwyn-Mayer, Inc.*, 391 F.2d 150, 154 (2nd Cir. 1968); 3 *Nimmer on Copyright* (1981) § 10.08, p. 10-70. It is also the rule that where, as here, the document does not mention the duration of the grant, it is construed to be effective only for the then existing copyright term of the work. 3 *Nimmer on Copyright* (1981) § 10.10[F], p. 10-92.

Although Nimmer cites *Venus Music Corp. v. Mills Music, Inc.*, 261 F.2d 577 (2nd Cir. 1958), for the proposition that it cannot be said that no language short of express mention of "renewal" is effective to convey the renewal, he points out that in *Venus* the assignor had already expressly granted away all rights in the original copyright at the time he executed a further assignment of rights "forever". 2 *Nimmer on Copyright* (1981) § 9.06[A], p. 9-70 fn. 9.

Simons does not dispute the general statement that the terms of an assignment will be interpreted by the intent of the parties. See *e.g.*, the reference by the Court of Appeals to the District Court opinion in *Picture Music, Inc. v. Bourne, Inc.*, 314 F.Supp. 640, 648 (S.D.N.Y. 1970), aff'd 457 F.2d 1213 (2nd Cir. 1972). However, the instruments here under consideration [Exs. D & F] are not "assign-

ments'' of any type, there is no grant or even mention of *any* copyright or right to obtain copyright, much less the renewal copyrights, and the documented surrounding facts and circumstances strongly indicate an intent inconsistent with the transfer of the renewal rights.

S-W's own officers testified that they *never* intended to and *never did* apply for any renewal copyrights; they allowed the copyright on the 1941 edition of ''Advanced Accounting'' to lapse; they aided Simons in 1976 in obtaining the copyright renewals on the very books in question (before they decided to sue him); no written assignment was ever prepared or recorded as required by the Copyright Act [former 17 U.S.C. §§ 28 and 30 and present 17 U.S.C. §§ 204 and 205]; the parties never discussed copyright for the 1949 publications when the contracts were signed; Simons was unrepresented by counsel; and S-W drafted the documents. Moreover, the fact that contracts subsequent to those in question contain an express provision for S-W to obtain the renewals and own the copyrights [Ex. S], shows that there was no intent to assign the renewals in the 1949 publications. This change makes it clear that S-W knew that the earlier contracts were ineffective to constitute a conveyance of the renewal copyrights.

Picture Music, supra, is so distinguishable from the instant case that it cannot be said to be controlling. There was even a question in that case (which was never decided) of whether the alleged author ever made a sufficient contribution to the one song involved to be considered an ''author'' thereof. 457 F.2d 1213. It was conceded by all parties that she made but a minimal contribution to an already existing work. Moreover, she was represented by able counsel. The basis of both the District and Appellate Court decisions in that case was that the alleged author was an employee for hire. Thus, the issue of ''assignment'' was never really reached. See 314 F.Supp. 648-649 and 457 F.2d 1213.

Of particular significance is the trial court determination in *Picture Music* that the "author" contracted for royalties in both the original and renewal copyright terms. 314 F.Supp. 653. That is quite different from the instant situation. Here, the 1948 and 1949 contracts [Exs. D & F] do not state the period for which royalties will be paid. And, inconsistently, the Court of Appeals here held that royalties could be terminated even though much of what Simons wrote for the 1949 books is still being exploited by S-W. It is submitted that if there is any significance to the later contracts, the Court of Appeals should not have ignored paragraph (C)(7)* of those contracts. See *e.g.*, Ex. I. That paragraph gave S-W the right *at any time* to terminate the contract. Thus, it was improper to rely on the later contracts and the *Picture Music* case to decide that payment of royalties indicates an intent to convey renewal rights and to ignore the provision in the subsequent contracts that the agreements were terminable in S-W's discretion.

This is the first decision ever to hold that a copyright renewal may be deemed "assigned" to a publisher where the subject contract does not contain at least some express and written contractual language susceptible of that interpretation. In all prior cases upholding an assignment, the court has been able to fasten its decision upon some *express and written* language of transfer. This decision changes the law. It is adverse to the Constitutitonal dictates and undermines the two tier copyright structure.

III.

A Purported Transfer of Renewal Rights Prior to the Expiration of the Original Term and the Vesting of the Renewal Rights Is Invalid.

As noted in the preceding sections, there was never any assignment of the renewal rights by Simons in the 1949 publications. Even assuming *arguendo* that it could be said

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*It is (C)(8) & (C)(9) in later contracts. See *e.g.*, Exs. W & Z.

that there was such an assignment, the "assignment" would appear to be contrary to the express provisions of the Copyright Act dealing with renewals, and, therefore, invalid.

Simons contracted with S-W for the subject works prior to the original copyright term. It is clear that at that time the right to the renewal copyrights had not *vested*. 2 *Nimmer on Copyright* (1981) § 9.05[C].* To give effect to constitutional intent supporting the two tier copyright scheme, it would seem that an assignment of renewal copyrights made prior to the vesting of the renewal expectancy would be a nullity. Indeed, both former 17 U.S.C. § 24 and present 17 U.S.C. § 304 expressly provide that (except for "proprietor" copyrights) if the author is living in the twenty-eighth year of the original term, only he can secure the renewal. 2 *Nimmer on Copyright* (1981) § 9.04, p. 9-45.

Notwithstanding this seemingly clear historical and statutory background, this Court held to the contrary in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 63 S.Ct. 773, 87 L.Ed 1055 (1943). Commenting on this decision, Nimmer states:

> "It may well be argued that this decision largely undermined the basic rationale for the renewal clause. That is, if it was intended to frame the renewal term in such manner so that the author could not be deprived of that right then surely holding that the renewal term is assignable at any time prior to its vesting is to put substantially at nought that intention. Experience has shown that an author who lacks bargaining power (as do most authors . . .) will of necessity agree to assign his renewal rights at the time he assigns the original term of copyright if he is pressed to do so." 2 *Nimmer*

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*Nimmer there points out that the question of the actual date of vesting has never been adjudicated. This case presents an opportunity to clarify this important question.

on Copyright (1981) § 9.06[B][1], p. 9-71. Citations omitted.

Nimmer then goes on to critically analyze the *Fisher* decision in depth. It is submitted that this case presents an opportunity for the Court to re-examine *Fisher* and to clarify its significance in light of the underlying constitutional and statutory purposes.

IV.

S-W Did Not Commission the Works in Question, and It Was Not the Proprietor "for Hire" of the Copyrights on the Works in Question.

As noted earlier, the S-W defense to copyright infringement was based upon its claim that Simons was "commissioned" to write the subject books and that it thereupon became the "proprietor" thereof pursuant to former 17 U.S.C. § 24. CR 755. Despite the fact that the case was tried upon this theory, both courts below eschewed the opportunity to consider this difficult and complex issue. 2 *Nimmer on Copyright* (1981) § 9.03[D], p. 9-40.

Some factual background is helpful to a discussion of this issue. Despite a conclusion on the subject [CT 913:9-24], nowhere did the District Court ever find *facts* constituting a "for-hire" arrangement between the parties. The testimony of Simons and a S-W officer shows that Simons was never an employee for-hire. The author did all of his work in his home which he described as his "factory". RT 156:15-18. S-W exercised no control over where or when he wrote. It paid royalties only, no wages; it did not deduct withholding taxes. Manuscript expenses were paid by Simons, and he determined the organization, the internal format, and the textual expression for the books. RT 156:19 to 158:6; Roberts Dep. pp. 96-98.

S-W offered into evidence the copyright certificates. Exs. E, H, K, N, Q, T, V, Y and AB. These forms *all* contain this language:

> "The copyright law also provides that the word 'author' shall include 'an employer in the case of works made for hire.' "

Former 17 U.S.C. § 26 so provides. Despite this clear language, S-W did *not* claim any "for-hire" arrangement in any application or that *it* was the "author" under any agreement. It did not even do so when it applied for copyright *after* this litigation was commenced on the 1977 publication of "Intermediate Accounting". Ex. 17. Thus, S-W finds itself in a contradictory posture. It must explain the assertion in its 1976 copyright renewal application that Simons had agreed to act in a "for-hire" arrangement in *1949* when, in 1977, it did *not* claim it "authored" the material in that later edition of the *same* series.

Over the years S-W constantly referred to Simons as the "author" [Exs. 26, 28, 30, 38 & 57]; always obtained his permission to authorize even minimal quotations [Exs. 36, 62 & 67]; and never claimed it was entitled to the renewal copyright or that a "for-hire" relationship existed. RT 166:10-20.

The significance of the absence of a for-hire relationship is demonstrated in *Vitaphone Corporation v. Hutchinson Amusement Co.*, 28 F.Supp. 526, 529 (Cal. 1939):

> ". . . there was no evidence to controvert the facts stated in the certificates. Section . . . [now § 410(c)] . . . provides that a certificate of copyright is *prima facie* evidence of the facts stated herein, and . . . the burden of going forward to disprove this fact [authorship] was upon the defendant, and inasmuch as it failed to do so the validity of the copyrights in question here is established."

In the present case, S-W offered into evidence all of the copyright certificates, and every one of them shows Simons as the "author". Thus, S-W's position is contrary to its own evidence, and it presented no facts to controvert the *prima facie* evidence in the certificates.

Pursuant to 17 U.S.C. §§ 101 and 201(b), for there to be a "work made for hire", there must exist a signed written instrument.* Under 17 U.S.C. § 301(a), all legal or equitable rights in all works specified by 17 U.S.C. §§ 102 and 103 (which include the works here involved) are governed by the present Act whether created *before or after* January 1, 1978. Therefore, a written instrument is a prerequisite to the finding of a "for hire" relationship. There is no such written agreement.

There appear to be divergent authorities on the treatment of the rights to renewal copyright where the subject matter is written by an independent contractor. *Shapiro Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569 (2nd Cir. 1955), mod. on other grounds 223 F.2d 252 (2nd Cir. 1955), holds that if the author is an independent contractor, *he alone has the right to the renewal*. S-W relies upon *Picture Music, Inc. v. Bourne*, 457 F.2d 1213 (2nd Cir. 1972), which holds to the contrary. Nimmer states that that case is wrong. 2 *Nimmer on Copyright* (1981) § 9.03[D], p. 9-41. He adds that, in any event, *Picture Music* is limited to the situation *where the commissioning party supplies to the independent contractor an underlying work upon which the independent contractor fashions a derivative work*. That is not the case here. Simons created originally copyrightable works, and they were copyrighted as original (not derivative) works. Exs. E and H. This is one reason *Picture Music* is distinguishable. There, the alleged "author" merely assisted in the adaptation of an existing song by making minor changes. Holding for the employer, the court relied upon the fact that other employees also revised the song, that the employer had control of the original song upon which *the adaptation* was based, and that the employer had the right to "direct and supervise" the work of the employee. Here,

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*Except by an employee acting within the scope of his employment. S-W never contended that Simons was an employee within this definition.

Simons is the sole author of all material, S-W did not direct or supervise his work, and his works were not mere adaptations, but major works originated by him.

Picture Music relies upon *Brattelboro Pub. Co. v. Winmill Pub. Corp.*, 369 F.2d 28 (2nd Cir. 1966) and *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 32 (2nd Cir. 1939). Nimmer points out that neither case supports *Picture Music*, and both point to a contrary result. 2 *Nimmer on Copyright* (1981) § 9.03[D], p. 9-42 fn. 78. *Brattelboro* holds that where an author is an independent contractor, there is a presumption that the parties intended that the *initial* copyright belongs to the party commissioning the independent contractor. It does *not* hold that that presumption applies to the *renewal* copyright. *Brattelboro* relies upon *Yardley*. Yet *Yardley* stands for the proposition that the independent contractor is entitled to the renewal copyright. Thus, although the original copyright belonged to the commissioning party and not the independent contractor (Turner), the court stated "only Turner's executor could legally obtain a renewal."

Although Simons submits that the facts and law compel the conclusion that S-W is not entitled to claim the renewal copyright as a "proprietor" thereof, this was an issue that was briefed and tried, and it is an issue upon which other lower courts have rendered differing interpretations.

V.

S-W's False Attribution of Simons' Material to Others Is Unfair Competition and Violates Section 43(a) of the Lanham Act.

While this case was under submission before the Ninth Circuit, it decided *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981). That case raised certain of the same issues as raised by Simons from the outset of this litigation. Judge Pregerson described the issue in *Montoro* as being of "first impression". 648 F.2d 604. *Montoro* involved the false

designation or representation of another actor's name in place of the plaintiff's in connection with motion picture advertising and credits in violation of Section 43(a) of the Lanham Act. 15 U.S.C. § 1125(a). Simons submits that the *Montoro* holding should be extended to include authors as well as actors. In this case, the District Court concluded that Simons has no right to be listed as an author of subsequent editions of texts that incorporate his materials. CR 925:17-22. The Appellate Court simply ignored Simons' arguments without discussion.

Shortly after this action was commenced, Simons discovered that S-W was distributing misleading advertising which purported to credit the entire (then forthcoming) sixth edition of "Intermediate Accounting" as "authored" by Simons, *Smith* and *Skousen*. CR 344:26 to 345:16; Ex. 16. No attempt was made to properly credit Simons (and the others) for their *actual* contribution. This was so despite the fact that Simons had earlier written 90% of that edition from blank sheets of paper and had been prevented by S-W from working on the sixth edition.

On the other hand, the contribution by Smith and Skousen was minimal. They did not write from blank sheets of paper; they started with the leading text in the country. Nevertheless, Smith had the temerity to testify that he was entitled to payment *not only for what he wrote but also for material written by Simons*. RT 1092:7-10.

Notwithstanding Simons' demand for proper credit, S-W published the first printing of the sixth edition without identifying him as the author of any material therein. Ex. AG-1. In addition, S-W has been allowed to totally eliminate Simons' name from future editions. CR 925:17-22.

These facts present a case of false attribution. See 2 *Nimmer on Copyright* (1981) § 8.21[D], p. 8-261, *et seq.* S-W's advertising and its exclusion of Simons' name from the sixth and future editions both falsely attribute authorship. The advertising credits Smith and Skousen for material they

did not write; the first printing of the sixth edition gave no credit to Simons (although he authored 90% of it) and wrongfully credits Smith and Skousen for authorship of the entire work; and, to the extent that S-W publishes further editions without Simons' name, others will receive credit for Simons' artistic labors.

Although an author does not have an absolute right to authorship credit, Simons is entitled to credit as a result of the custom and usage between the parties and in the industry to accord credit for authorship of textbooks. 2 *Nimmer on Copyright* (1981) § 8.21[E], p. 8-266. S-W had never before published Simons' works without naming him as an author, and an expert witness testified that it is contrary to industry custom for an author's book to be published without his name and without participation in royalties. RT 1106:2-6; 1107:11 to 1108:6.

False attribution is a classical form of unfair competition by "passing off". *Granz v. Harris*, 198 F.2d 585 (2nd Cir. 1952); *Runge v. Lee*, 441 F.2d 579 (9th Cir. 1971); 2 *Nimmer on Copyright* (1981) § 8.21[D], p. 8-265. The right to relief for false attribution is recognized in Ohio.* *Bajpayee v. Rothermich*, 53 Ohio App.2d 117, 372 N.E.2d 817, 821 (1977). However, it was not until *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981), that liability was fastened under the Lanham Act.

Simons anticipated the application of § 43(a) of the Lanham Act to the facts of this case. He argued it on a motion for an injunction prior to trial [CR 203E:28 to 203F:17], in a trial brief [CR 617-618; 638], in a post-trial brief [CR 710:18-20], and on appeal. AOB 59. However, the courts below refused to discuss the issue.

In *Montoro*, the defendants not only removed the plaintiff's name from all credits, but also substituted a name

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*The post-1953 contracts between the parties provide for the application of Ohio law. See *e.g.*, Ex. Z, paragraph C-12.

selected by the defendants. The court rejected the argument that the Lanham Act did not apply to the false identification of an actor in a motion picture [648 F.2d 605] and held that the defendant's conduct (designated as "express reverse passing off") was wrongful because it was an attempt to profit from another's talents and because the public is confused as to the true source of the product. 648 F.2d 607. A similar situation exists here. In addition to the false representation of origin, S-W was motivated to drop Simons' name in order to avoid a royalty obligation. Smith and Skousen's combined royalty is seven percent (7%); the total royalty had long since been twenty percent (20%). Ex. 35; RT 801:7-14. There is no reason to deny application of the Lanham Act to an author.

VI.

The Paramount Mandate of the Constitution Requires an Interpretation That the Contract Was Fully and Satisfactorily Performed and That Simons Was Not Required to Perform Indefinitely.

The decision herein raises the question of whether the constitutionally guaranteed rights of authors should prevail over ordinary concepts of the law of contracts. One Circuit Court has suggested that where there is a conflict between local law of contract and federal law, the former is preempted. *Platt & Munk Co. v. Republic Graphics, Inc.*, 315 F.2d 847, 855 (2nd Cir. 1963). This issue is joined by the holding that the contracts require Simons to perform perpetually.* This construction is not only an unnecessary and unreasonable contractual construction because it implies an intent that the contracts must end in breach and cannot

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*Contractual interpretation should be such as to make the contract reasonable, operative, lawful, and capable of being carried into effect. See *e.g.*, California Civil Code § 1643 and *Restatement of Contracts* § 236(a).

ever be fully and satisfactorily performed, but is also out of harmony with the Constitution.

This case was not tried on the theory that there was any breach of contract. Because there were no proven facts to support a breach, on appeal S-W argued that it did not have to show that Simons breached and that it carried its burden merely by showing that "Simons failed to prepare timely revisions" RB 19. However, the very provision of the contract relied upon by S-W expressly anticipates that the author may fail or refuse to continue writing and grants to him *the privilege* to discontinue writing and to receive a royalty without penalty.*

The terms of paragraph (A)(7) operate when an author is "unwilling, unable, fails or refuses" to revise manuscript. It then provides that S-W may hire others and make a "*division of the royalty*". Nowhere is S-W given the right to *totally exclude the author from a royalty*. The reason for an *allocation* is obvious. Simons wrote 90% of the text issued after his termination, and all of that material was written under fully performed contracts. To deny royalties for his materials in succeeding editions unjustly enriches S-W and violates the express term of the contract requiring an allocation of royalties. Accordingly, Simons' right to discontinue creative efforts, contractually provided, cannot be deemed a "breach" denying him royalties for materials written in expectation thereof. He simply had no "duty" of further performance. It is elemental that contractual duties are discharged by full performance. *Restatement of Contracts* §§ 385-386.

Simons submits that the decision is unnecessary and unfair. What logical reason exists to find a "breach" and

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*Actually, Simons interprets paragraph (A)(7) as being no more than a satisfaction clause allowing S-W to hire a new author to assist a failing author in completing an edition, just as a producer may hire a "doctor" to complete a script.

exclude him from royalties and name recognition on a book containing ninety percent (90%) of his material? Would it not have been more consistent with the Constitution and even paragraph (A)(7) of the contracts to acknowledge his lifelong efforts and to require a fair royalty so long as S-W continued to use his writings in successive publications of the series that he originated?

CONCLUSION.

For the foregoing reasons, it is respectfully requested that a Writ of Certiorari be issued to review the judgment and opinion of the Court of Appeals for the Ninth Circuit.

Respectfully submitted,

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Harry Simons.

APPENDIX A.

Memorandum.

United States District Court, Central District of California.

Harry Simons, Plaintiff, vs. South-Western Publishing Co., a corporation, Defendant. No. CV 76-2556-DWW.

South-Western Publishing Co., a corporation, Co-Plaintiff, vs. Harry Simons, Defendant. No. CV 77-0625-DWW.

Filed: September 8, 1978.

These consolidated cases concern the claim of Harry Simons against his publishing company arising out of the publication of accounting texts allegedly authored by Simons. For many years plaintiff was a professor of accounting at the University of California at Los Angeles, and he has written or co-authored certain textbooks on accounting. Beginning about 1941 Simons assisted Dean Howard S. Noble and Dr. W. E. Karrenbrock in the preparation of a text entitled Advanced Accounting, and another text entitled Intermediate Accounting. Eventually Dean Noble withdrew from the project and in later years the texts were revised several times by Dr. Karrenbrock and Simons pursuant to written contracts with South-Western Publishing Company. Eventually Dr. Karrenbrock ceased his interest in revising the books and Simons became senior author.

In 1966 Simons entered into a contract with South-Western for the publication of a fourth edition of Advanced Accounting; in 1970 the parties entered into a written agreement to publish a comprehensive and a standard volume of the fifth edition of Intermediate Accounting. In each of these contracts paragraphs (A) (3) and (7) agree:

> "3. To give, grant, assign, and transfer and he does hereby give, grant, assign, and transfer to Pub-

lis. r the sole and exclusive right to publish and sell said work, with all . . . revisions. thereof . . ."

"7. To prepare a revision of the manuscript satisfactory to and without expense to publisher whenever, in the judgment of Publisher, this is considered necessary. In the event that Author is unwilling, unable, fails, or refuses to prepare said revised manuscript in a manner satisfactory to Publisher, Publisher may have right to obtain a new author or authors and to make such division of the royalty on the new edition as Publisher deems necessary in order to obtain satisfactory authorship."

The industry of the publication of textbooks for college use is a highly competitive one and the several publishers who dominate this field are required to constantly update and revise their texts in order to make them saleable for use in classrooms. It is the custom to introduce new revisions by February of a given year so that the professors at the various colleges may examine newly offered books to make a determination if they desire to use such books in teaching their courses of study beginning in the fall semester. Students in those courses have no choice as to which book they buy because their instructor assigns the book he accepts and the course is conducted from use of that book. It is important, therefore, that revisions be not only made each three or four years, but that they be available at a time when college instructors are planning their fall courses. A text that is not periodically revised in this manner falls quickly into disuse and its sales plummet.

Two years after publication of the fourth edition of Advanced Accounting and two years after publication of the fifth edition of Intermediate Accounting, South-Western

requested Simons to commence work on revisions of both texts. He protested that the 1968 and 1972 texts were still adequate and current and declined to begin work on revisions. Much correspondence passed between the parties, and agents of South-Western made attempts to personally persuade Simons to make the revisions, but he adamantly turned them down, claiming additionally that he was in declining health and that the impaired health of his mother made the work a burden to him. South-Western then engaged other scholars to make the required revisions and the two new texts were published. This suit predated the publication of the texts and sought to enjoin same, but after this Court refused an injunction an arrangement was made to include Simon's name with his permission on the revision.

Professor Simon has stoutly maintained that the original works are his own and that the publisher cannot legally engage others to make revisions of the material as co-authors or otherwise without his permission. He further claims to have a copyright proprietorship over the books.

The original texts were prepared by Noble and Karrenbrock with Simons assisting in the role of a young but able student. His contribution to the work enlarged as the two older men withdrew. The evidence convinces that Simons' continuous activity in the endeavor was one of constantly updating the original material of Noble, and eventually being given the status of author. A review of the several contracts between these parties reflects that Simons was "engaged" by the publishing company to make revisions at their request in consideration for an increasing portion of the profits as royalty. I conclude from the evidence that there has been a failure on the part of Professor Simons to prove that he has a copyright or other proprietary right to the texts in question which are paramount to the rights of South-Western thereto. I further find that pursuant to the

contracts, Simons was given ample and reasonable notice by South-Western of its desire to have him submit revisions, but that Simons failed and unreasonably refused to perform the work as requested. The contracts permitted South-Western to periodically revise its texts so as to permit it to stay competitive in the marketplace, and the economic facts of the business called upon it to make such revisions. The failure of Simons to heed the Publishing Company's request gave the latter a contractual right to engage others to do the work. Thus, it must be said that Simons is in breach of his agreement with South-Western and is not entitled to prevent the publication of the revised texts or to have his name attached thereto as author, or to share in the profits of the sales of those texts. It must be said that paragraphs (A), (7) and (A) (3) of the 1966 and 1970 contracts govern revisions of those volumes. For these same reasons, it cannot be said that South-Western unfairly competed with Simon or violated a fiduciary obligation owed him.

Simons further claims that a fraudulent advantage was taken by South-Western over him in submitting to him forms of contracts which may have contained printed provisions which were altered from the printed contractual forms the author had previously signed. I have examined the contracts in question and find that any new provisions contained in the later contracts were plainly set forth for Simons to read and understand; that Simons was in communication with counsel of his own selection concerning said contracts during the negotiation period, and that he is not entitled to a reformation of paragraph (C) (2) as claimed.

By agreement of the parties, South-Western has waived any claim of damages it might have against Professor Simons in case No. CV 77-625-DWW.

Judgment is ordered in favor of defendant South-Western Publishing Company in case No. CV 76-2556-DWW, and

case No. CV 77-625-DWW is ordered dismissed. Counsel for the defendant will prepare proposed findings of fact and conclusions of law and a proposed form of judgment within 20 days after the filing of this memorandum.

DATED: September 8, 1978.

/s/ David W. Williams
DAVID W. WILLIAMS,
United States District Judge

Opinion of the United States Court of Appeals for the Ninth Circuit.

South-Western Publishing Company, a corporation, Plaintiff-Appellee, v. Harry Simons, Defendant-Appellant.

Harry Simons, Plaintiff-Appellant, v. South-Western Publishing Co., a corporation, Defendant-Appellee. Nos. 79-3035, 79-3034.

United States Court of Appeals, Ninth Circuit. Argued and Submitted March 2, 1981. Decided July 20, 1981.

Publisher sued author of accounting textbooks for breach of contract and author sued publisher for infringement. The United States District Court for the Central District of California, David W. Williams, J., dismissed infringement action and found author in breach, and author appealed. The Court of Appeals, Goodwin, Circuit Judge, held that: (1) word "copyright" in original contract was intended to encompass both original and renewal copyrights and such renewals belonged to publisher; (2) contract vested in publisher the decision whether revision was needed; (3) publisher's request that texts be revised at no greater than five-year intervals was justified; and (4) publisher did not breach agreement by refusing to pay author royalties beyond one edition after last edition on which he worked.

Affirmed.

Appeal from the United States District Court for the Central District of California.

Before GOODWIN and FERGUSON, Circuit Judges, and MURPHY,* District Judge.

GOODWIN, Circuit Judge.

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*The Honorable Thomas F. Murphy, Senior United States District Judge for the Southern District of New York, sitting by designation.

FACTS

Harry Simons, an author, appeals from a judgment dismissing his copyright infringement action, and holding him in breach of a contract with his publisher, South-Western Publishing Co. We affirm.

In 1941, Simons, then a young U.C.L.A. professor, agreed with South-Western Publishing to prepare an accounting textbook. He wrote the book in collaboration with two others and published it late that year. In 1949, after Simons' co-authors had assigned to him their rights in the book, Simons agreed with South-Western to revise the 1941 textbook and divide it into two books: Advanced Accounting and Intermediate Accounting. Both texts were published in 1949. Periodically thereafter, Simons and South-Western entered into contracts to revise the texts. The contracts in dispute here were made in 1966 and 1970. South-Western contends that paragraph A(7) of the two contracts requires Simons to revise the fourth and fifth editions of the two books into the fifth and sixth editions; and that if Simons fails to revise, South-Western is free to hire other authors to do the job and pay Simons any royalties it sees fit.

Simons contends that he owns the renewal copyrights to the 1949 basic texts, and that South-Western's continued publication of the revised editions without his consent infringes his copyright. It is Simons' position that paragraph A(7) does not require him to revise the texts, and even if it does, the contracts do not permit South-Western to continue publishing "his" works without paying him adequate compensation.

The district court found: (1) that the renewal copyrights and all other copyrights belonged to South-Western; (2) that Simons breached his contract with South-Western by failing to revise; and (3) that South-Western properly paid Simons

enough royalties for the fifth and sixth editions and properly discontinued all royalty payments to him for the publication of subsequent texts.

STANDARD OF REVIEW

The district court made detailed findings of fact. The findings taken as a whole are "explicit enough to give the appellate court a clear understanding of the basis of the trial court's decision, and to enable it to determine the ground on which the trial court reached its decision." *Alpha Distrib. Co. of Cal. Inc. v. Jack Daniel Distillery*, 454 F.2d 442, 453 (9th Cir. 1972), *cert. denied*, 419 U.S. 842, 95 S.Ct. 74, 42 L.Ed.2d 70 (1974).

Because it is not our function as an appellate court to retry the issues of fact, we review the factual determinations made by the district court according to Fed.R.Civ.P. 52. Here we review contractual interpretation, an exercise which involved contractual meaning and intent, questions of fact for the trial court. *Gillespie v. Travellers Ins. Co.*, 486 F.2d 281, 283 (9th Cir. 1973). Therefore, unless the findings are clearly erroneous, they satisfy Rule 52.

INFRINGEMENT

Simons contends that South-Western is infringing his renewal copyrights to the 1949 basic texts. To prevail on this claim, Simons must establish that he alone is entitled to the renewal copyrights. South-Western contends that Simons assigned to it the renewals at the time of their first contractual arrangement. The issue is therefore a matter of

contractual intent.[1] Did Simons assign the renewals to South-Western in return for royalties?

The district court necessarily found that Simons assigned his renewal rights. While the court made no express factual finding of an assignment, the evidence supports the court's conclusion which is reflected in the judgment.[2] The original contract between South-Western and Simons specified that South-Western obtain the copyrights. This South-Western did without objection from Simons. Although the first contract did not specify whether South-Western was to own the renewal copyrights as well as the original copyrights, every contract between Simons and South-Western after 1949 expressly transferred to South-Western both the original and renewal copyrights to each revision. These latter acts confirm that the word "copyright" in the original contract was intended by the parties to encompass both the original and renewal copyrights. The district court's finding that the renewals belonged to South-Western satisfies Rule 52. It follows that South-Western did not infringe Simons' copyrights.

---

[1]2 Nimmer on Copyright, § 9.06[A] at 9-68 (1980), states:

> "Whether . . . [an] assignment (or license) will be construed as purporting to convey rights in the renewal copyright ultimately turns on the intention of the parties, and as such presents an issue of fact. . . .

See also Picture Music, Inc. v. Bourne, Inc., 314 F.Supp. 640, 648 (S.D.N.Y. 1970), *aff'd on other grounds*, 457 F.2d 1213 (2nd Cir.), *cert. denied*, 409 U.S. 997, 93 S.Ct. 320, 34 L.Ed.2d 262 (1972).

[2]An appellate court may affirm on the basis of any evidence in the record that supports the trial court's judgment. The failure to make an express finding of fact by the district court "does not require remand if a complete understanding of the issues may be had without the aid of separate findings." *Swanson v. Levy*, 509 F.2d 859, 861 (9th Cir. 1975); *see* also *United States v. Hudspeth*, 384 F.2d 683, 686 (9th Cir. 1967).

REVISION

The principal contractual paragraph at issue here is A(7), which reads the same for both contracts in dispute:

> "(A) Author agrees . . . .
>
> ". . .
>
> "(7) To prepare a revision of the manuscript satisfactory to and without expense to Publisher whenever, in the judgment of Publisher, this is considered necessary. In the event that Author is unwilling, unable, fails, or refuses to prepare said revised manuscript in a manner satisfactory to Publisher, Publisher may have right to obtain a new author or authors and to make such division of royalty on the new edition as Publisher deems necessary in order to obtain satisfactory authorship."

South-Western argues that this language requires Simons to revise the texts for which the contract was made when South-Western requests revisions. Simons disputes this.

The trial court found that paragraph A(7) of the contracts vests in South-Western, and not in the revisor, the decision as to whether a revision was needed. This finding satisfies Rule 52. Simons raises a number of frivolous points to rebut the trial court's interpretation of the contract. But the plain language of A(7), as well as the evidence surrounding the intent of the parties on the meaning of A(7) fully supports the district court's finding that South-Western bargained for the right to decide when a revision is needed.

BREACH

Paragraph A(7) empowered South-Western to revise the texts itself if Simons was "unwilling, unable, fail[ed] or refuse[d] to revise the texts." The district court found that Simons had refused to perform. Its finding satisfies Rule 52. Simons does not even pretend that he performed either the 1966 or 1970 contracts.

In defense, Simons makes several arguments. They can be characterized as nonfrivolous only by extravagant deferral to artistic temperament. First, Simons alleges that his performance was excused and discharged by South-Western's breach of contract in hiring other authors to revise Simons' texts. This argument stands the contract on its head. South-Western hired the other authors only after Simons had breached the contract by refusing to revise the texts. In these circumstances, it was South-Western's duty that was discharged, not Simons' duty.

Second, Simons contends that South-Western's request to revise was "premature." Paragraph A(7) of the contracts dictates that a revision must be prepared by Simons "whenever, in the judgment of the Publisher this is considered necessary." The trial court found, and we agree, that this language vested in "South-Western, not in the revisor, the decision as to whether a revision was needed." The trial court also found that South-Western exercised its judgment reasonably. South-Western's requests that Simons revise "were made . . . [when they were] because, if South-Western were to meet its objective and adhere to the industry's revision schedule, commencement of efforts was needed . . . [at the time South-Western made the request]." This finding is also consistent with Rule 52. South-Western's request that the texts be revised at no greater than five year intervals was justified. Intervals of as little as three years between revisions are common in the educational textbook industry. *See e. g., McGraw-Hill, Inc. v. Worth Publishers, Inc.*, 335 F.Supp. 415, 418 (S.D.N.Y. 1971). The evidence amply demonstrates that South-Western made the request when it did in order to meet competition.

Simons also argues that the contracts could not possibly have required him to revise the texts in perpetuity. He contends that such a construction of the contract would be

absurd. We do not agree. Parties are entitled to contract for anything that is not illegal. At the time Simons signed the contract, he may have been very willing to agree to revise the texts during his lifetime in order to secure a publisher. A court will not strike down such a contract merely because an author, after becoming well-known, might be unwilling to sign such a provision. Breach of contract was fully established by the evidence.

ROYALTIES

The renewal copyrights to the 1949 texts belong to South-Western. In exchange for their sale, Simons contracted with the publisher to receive royalties. The amount to which he is entitled is determined by the contract.

Paragraph A(7) permits the publisher to hire a new author to complete the revision in the event the original author breaches the contract by failing to revise. The same paragraph also permits South-Western "to make such division of the royalty on the new edition as the Publisher deems necessary in order to obtain satisfactory authorship." Pursuant to A(7) South-Western offered Simons, after he breached, 9 per cent and 9¼ per cent for the fifth and sixth editions respectively. The court found that the offer was a reasonable allocation in view of the royalties South-Western had to pay the authors it hired to revise the texts after Simons refused. This finding was not clearly erroneous. Simons was offered more than 50 per cent of the royalty distributed on the fifth and sixth editions even though he never revised the fifth edition, and it was never published. Simons worked on the sixth edition, but did not complete it, and refused to complete it. The money he received for the work he did was at least reasonable compensation. The evidence fully supports the trial court's conclusion against additional royalties.

South-Western refused to pay Simons royalties for texts subsequent to the fifth and sixth editions. The district court held that the refusal was justified, but the court did not make an express finding of fact that the parties intended in paragraph A(7) that South-Western need not pay Simons royalties beyond one edition after the last edition on which he worked. The failure to make such a finding was not fatal.[3] Evidence in the record supports the district court's holding. The issue is whether Simons sold his copyrights to South-Western in 1949 for royalties and in so doing contracted with South-Western not to be paid royalties beyond one edition after the last edition on which he worked. South-Western introduced at trial the testimony of its longstanding editor Mr. Crabbe that this was the bargain. South-Western also introduced letters it sent to Simons in the course of their business relationship that established Simons' awareness of the royalty termination policy. The evidence permitted the trial court to interpret the contract as it did. The court was correct in holding that South-Western no longer must pay Simons royalty for texts subsequent to the fifth and sixth editions.

Other issues were briefed and argued by Simons but do not warrant discussion.

Affirmed.

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[3]*See* footnote 2, *supra*.

Order.

United States Court of Appeals for the Ninth Circuit.

South-Western Publishing Company, a corporation, Appellee, v. Harry Simons, Appellant. No. 79-3034.

Harry Simons, Appellant, v. South-Western Publishing Company, a corporation, Appellee. No. 79-3035.

Filed: September 30, 1981.

Before: GOODWIN and FERGUSON, Circuit Judges, and MURPHY,* District Judge

It is ordered that the first paragraph in the first column on slip opinion page 3614 be amended to read as follows:

"The district court necessarily found that Simons assigned his renewal rights. While the court made no express factual finding of an assignment, the evidence supports the court's conclusion which is reflected in the judgment.[2] South-Western, without objection from Simons, obtained copyrights. Although the first contract did not specify whether South-Western was to own the renewal copyrights, every contract between Simons and South-Western after 1949 expressly transferred to South-Western both the original and renewal copyrights to each revision. The district court's finding that the renewals belonged to South-Western satisfies Rule 52. It follows that South-Western did not infringe Simons' copyrights."

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*The Honorable Thomas F. Murphy, Senior United States District Judge for the Southern District of New York, sitting by designation.

APPENDIX B.
Constitution.

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries. Art. I, § 8.

Former 17 U.S.C. § 24.

The copyright secured by this title shall endure for twenty-eight years from the date of first publication, . . . *Provided*, That in the case of any . . . work . . . upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And, provided further*, That in the case of any other copyrighted work, . . . the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, . . . shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in default of the registration of such application for renewal and extension, the copyright in any work shall

determine at the expiration of twenty-eight years from first publication.

17 U.S.C. § 304(a).

Any copyright, the first term of which is subsisting on January 1, 1978, shall endure for twenty-eight years from the date it was originally secured: *Provided*, That in the case of any . . . work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, . . . the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, . . . shall be entitled to a renewal and extension of the copyright in such work for a further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in default of the registration of such application for renewal and extension, the copyright in any work shall terminate at the expiration of twenty-eight years from the date copyright was originally secured.

17 U.S.C. § 101.

A "work made for hire" is—

(1) a work prepared by an employee within the scope of his or her employment; or

(2) a work specially ordered or commissioned for use . . . as an instructional text, . . . if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, . . . an "instructional text" is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities.

17 U.S.C. § 201(b).

In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.

15 U.S.C. § 1125(a).

Any person who shall . . . use in connection with any goods or services, . . . a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce . . . shall be liable to a civil action . . . by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

Appendix

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No. 81-1345
IN THE

Supreme Court of the United States

October Term, 1981

HARRY SIMONS,

Petitioner,

vs.

SOUTH-WESTERN PUBLISHING CO., a corporation,

Respondent.

SUPPLEMENTAL APPENDIX.

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APPENDIX A.

Findings of Fact and Conclusions of Law.

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FILED
OCTOBER 10, 1978
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT
OF CALIFORNIA
BY DEPUTY

United States District Court Central District of California.

Harry Simons, Plaintiff vs. South-Western Publishing Co., a corporation, Defendant, No. CV 76-2556 DWW.

South-Western Publishing Co., a corporation, Plaintiff vs. Harry Simons, Defendant. No. CV 77-0625 DWW.

The above-entitled actions came on regularly for trial on June 26-30, 1978 and July 6-7, 1978 before the Honorable David W. Williams, United States District Judge. Plaintiff and defendant Harry Simons ("Simons") was represented by Katz, Hoyt & Bell, by Mitchell N. Reinis, and defendant and plaintiff South-Western Publishing Co. ("South-Western") was represented by O'Melveny & Myers, by Bennett W. Priest and Neil M. Soltman, and Dinsmore, Shohl, Coates & Deupree, by Thomas S. Calder. Evidence both oral and documentary having been introduced by both parties, the cause having been argued and submitted for decision, and the Court having issued its Memorandum of September 8, 1978 ordering judgment in favor of South-

Western in Case No. CV 76-2556 DWW and ordering Case No. CV 77-0625 DWW dismissed, the Court hereby finds and concludes as follows:

FINDINGS OF FACT

The Court finds:

1. South-Western is a Tennessee corporation with its principal headquarters in Cincinnati, Ohio which is engaged in the business of the publication and sale of college and secondary school text books.

2. Simons, a California resident, is Professor Emeritus of Accounting at the University of California at Los Angeles and is the signatory to various contracts with South-Western with respect to the updating of two text books entitled Advanced Accounting and Intermediate Accounting.

3. At the request of South-Western, in 1941 Dean Howard S. Noble and Dr. W. E. Karrenbrock, along with Simons, entered into an agreement with South-Western for the preparation of a text entitled Advanced Accounting. In 1941, Advanced Accounting was published, having been prepared from a manuscript by Noble with the assistance of Karrenbrock and Simons.

4. In 1945, Dean Noble withdrew from the authorship of the text and assigned his contractual rights to Karrenbrock and Simons.

5. In 1948, to meet its competition, South-Western requested that Karrenbrock and Simons revise the 1941 edition of Advanced Accounting and divide the revision into two books, one entitled Intermediate Accounting and the other Advanced Accounting. This was done and the texts were published in 1949.

6. Beginning in 1953, additional editions of the two basic texts were published and were further divided into

comprehensive and standard volumes. A complete list of all of the texts, their dates of publication and the applicable copyright certificate number is as follows:

Book	Original Copyright Date	Copyright Cert. No.
Advanced Accounting	1941	A-157782
Intermediate Accounting	1949	A-32802
Advanced Accounting	1949	A-35723
Intermediate Accounting		
Second Edition		
Comprehensive Volume	1953	A-118494
Standard Volume	1954	
Advanced Accounting		
Second Edition		
Comprehensive Volume	1955	A-203853
Standard Volume	1955	
Intermediate Accounting		
Third Edition		
Comprehensive Volume	1958	A-355919
Standard Volume	1958	
Advanced Accounting		
Third Edition		
Comprehensive Volume	1961	A-528999
Standard Volume	1962	
Intermediate Accounting		
Fourth Edition		
Comprehensive Volume	1964	A-703274
Standard Volume	1965	
Advanced Accounting		
Fourth Edition		
Comprehensive Volume	1968	A-967842
Standard Volume	1968	
Intermediate Accounting		
Fifth Edition		
Comprehensive Volume	1972	A-371675
Standard Volume	1974	

Intermediate Accounting		
Sixth Edition		
Comprehensive Volume	1977	A-875603
Standard Volume	1978	

7. Each of the texts listed in Finding 6 was prepared by Karrenbrock and/or Simons pursuant to contracts with South-Western with the exception of the Fifth Edition of Intermediate Accounting, in which the revision work was shared between Simons and Professor Jay M. Smith, and the Sixth Edition of Intermediate Accounting, in which Simons did not participate.

8. Copyrights to each of the texts listed in Finding 6 were taken out by South-Western in its name. All contracts between the parties subsequent to those for the 1949 texts provided that South-Western "should take out and procure at its expense and in its name United States and foreign copyrights and all renewals thereof . . . it being agreed that all such copyrights and all renewals thereof shall belong to and be the sole property of publisher [South-Western]." This provision reflected the parties' intent from the commencement of their relationship. Thus, it formalized the existing practice and understanding under which South-Western had obtained copyrights in its own name to the 1941 and 1949 editions of Intermediate Accounting and Advanced Accounting. Nevertheless, when renewal copyrights to the 1949 editions of Advanced and Intermediate Accounting came due in 1976, Simons, as well as South-Western, filed claims to renewal copyrights.

9. As Dr. Karrenbrock decreased his role in the publication of the texts after 1949, Simons' role increased until he became the senior author of the texts. As Dr. Karren-

brock's role was phased out, his share of the authors' total royalty was reduced and, after the Fourth Edition of Advanced Accounting was published in 1968, eventually eliminated. Although Simons' contribution to the works enlarged as Karrenbrock's decreased, Simons' continuous activity in this endeavor was one of constantly updating the earlier work originating with the 1941 Noble, Karrenbrock and Simons text.

10. In 1966, Simons entered into a contract with South-Western for the publication of a Fourth Edition of Advanced Accounting, and in 1970 entered into a contract for the publication of the Fifth Edition of Intermediate Accounting (the "contracts"). Each of these contracts contains the following paragraphs (A)(3), (A)(6) and (A)(7), in which Simons agrees:

"3. To give, grant, assign, and transfer and he does hereby give, grant, assign, and transfer to Publisher [South-Western] the sole and exclusive right to publish and sell said work, with all translations, abridgements, and revisions thereof and selections threfrom."

"6. That concurrently with the execution of this Agreement, all of his right, title, and interest in said work, except the interest outlined in paragraph (B)(2) of this Agreement [the royalty provision], shall vest absolutely in Publisher which shall become the legal and equitable owner thereof."

"7. To prepare a revision of the manuscript satisfactory to and without expense to Publisher whenever, in the judgment of Publisher, this is considered necessary. In the event that Author is unwilling, unable, fails, or refuses to prepare said revised manuscript in a manner satisfactory to Publisher, Publisher may have right to obtain a new author or authors and to make such division of the royalty on the new

edition as Publisher deems necessary in order to obtain satisfactory authorship."

11. In the 1970 contract governing the Fifth Edition of Intermediate Accounting, immaterial changes were made in paragraph (C)(2) of the contract, as compared to paragraph (C)(2) of earlier contracts. The changes were for clarification and did not alter the substance of the prior provision. The new paragraph (C)(2) was plainly set forth for Simons to read and understand and, at the time he entered into that contract in December 1970, he was in communication with counsel of his own selection concerning the contract negotiations. With respect to the December 1970 contracts and in response to his agreement to sign a standard form contract, Simons was informed by agents of South-Western only that he was being provided with the then current standard form contract utilized by South-Western. This same form of contract was utilized by South-Western in connection with twenty-five other negotiations with other authors leading to similar contracts executed prior to Simons' contract. This contract form continued in use until 1975. The Court therefore finds that the change in paragraph (C)(2) was not a modification directed solely to Simons. In addition, the Court finds that no representations, misleading or otherwise, were made to Simons with respect to the meaning of paragraph (C)(2) by South-Western, and that South-Western at no time attempted to hide the fact of the modification from Simons. The Court further finds that South-Western's contract rights under the circumstances of the present case would be no different under the prior wording of paragraph (C)(2).

12. The text book publishing industry is highly competitive and the major text book publishers are required to constantly update and revise their texts in order to make them saleable. Provisions such as paragraph (A)(7) of the

contracts are thus a reasonable and necessary clause in South-Western's contracts with its authors, including those with Simons.

13. Since the accounting teacher assigns the class a text book and the courses are conducted from the assigned text book, students have no choice as to which book they buy. The accounting faculty is therefore the true sales target of text book publishers.

14. It is the generally accepted custom in the publishing industry to revise each edition of an accounting text book periodically. Competitive pressure reduced the revision cycle from five years to four or even three years by the early 1970's. There are several reasons for frequent revisions. First, rapid advances in the accounting discipline soon render older editions obsolete. This was especially true in the period from 1968 to the present, when numerous changes were made in the practices of accountants. Second, competition from other new text books, incorporating the latest practices and pronouncements from the accounting profession's governing bodies, renders older texts obsolete. Third, professors generally seek out new texts which contain current material rather than teaching from older texts which require supplementation.

15. It is also the custom within the industry to introduce new revisions of text books by February or March of a given year so that professors may examine the newly-offered books to make a determination whether to use such books in the courses they teach beginning the next fall term. If the books are not available at approximately that time, it is less likely that the books will be selected and ordered for fall term delivery.

16. Beginning in May 1974, two years after the publication of the Comprehensive Edition of the Fifth Edition

of Intermediate Accounting, South-Western made numerous requests to Simons that he commence preparation of a revised edition of the text to be published as the Sixth Edition. It was South-Western's objective to have the Sixth Edition available in early 1977. The requests were made at this time because, if South-Western were to meet its objective and adhere to the industry's revision schedule, commencement of efforts was needed approximately two years before the estimated publication date so that the lengthy process of editing and physically publishing the book could be accomplished.

17. At no time between May 1974 and trial did Simons agree to prepare, or prepare, the revision requested. Simons refused, contending that this revision should await publication of the next edition of Advanced Accounting and further that the Fifth Edition of Intermediate Accounting was adequate and current and that revision was premature. However, the evidence is persuasive that such was not the case and, in any event, paragraph (A)(7) of the contract vests in South-Western, and not in the revisor, the decision as to whether a revision was needed. The Court therefore finds that at all times Simons failed and unreasonably refused to prepare the requested Sixth Edition of Intermediate Accounting.

18. Faced with the competitive and pedagogical need to publish a Sixth Edition of Intermediate Accounting, South-Western engaged as authors two capable accounting professors from Brigham Young University, Dr. Jay M. Smith and Dr. K. Fred Skousen. South-Western was acquainted with Professor Smith's work because several years earlier, when Simons pleaded that he was ill and was unable to undertake the Fifth Edition of Intermediate Accounting, Professor Smith was hired to undertake and did undertake the then needed revision. South-Western was acquainted

with Professor Skousen because of a manuscript written by Professor Skousen which South-Western had agreed to publish and by reason of his reputation in professional accounting circles. Professor Skousen also was highly recommended by Professor Smith.

19. In November 1974, after Simons had several times refused to prepare the revision and ignored personal communications from South-Western's president, South-Western offered Professors Smith and Skousen contracts to revise the then current edition of Intermediate Accounting for publication as the Sixth Edition. Even at this time, however, South-Western's contracts required that Professors Smith and Skousen leave open the option of working with Simons on the revision, if Simons were willing. In addition, to preserve this option as long as reasonably possible, the contracts were purposely not executed by South-Western until February 1975.

20. Based on the facts recited above, the Court finds that South-Western took all reasonable steps to request Simons to prepare the Sixth Edition of Intermediate Accounting and, after such steps proved unsuccessful, it acted reasonably in all respects in hiring Professors Smith and Skousen to revise that work and in publishing the Sixth Edition.

21. In 1970, two years after the Fourth Edition of Advanced Accounting was published, in connection with negotiations leading to the December 1970 contract for Intermediate Accounting, South-Western requested Simons to commence preparations of a revision to be published in 1973 as the Fifth Edition of Advanced Accounting. The proposed due date for a manuscript from Simons was late 1971.

22. At no time from 1970 to trial did Simons provide any material for a revision of the Fourth Edition of Advanced

Accounting. Simons asserted at trial that he had prepared some material for this revision. However, in late July 1975, prior to this litigation, Simons through his counsel explicitly rejected South-Western's request that he provide South-Western with any material. The Court therefore finds that at all times Simons failed and unreasonably refused to prepare the requested revision.

23. Having failed to receive any material for such a revised text in the period between 1970 and July 1975, and being faced with the competitive and pedagogical necessity to publish a Fifth Edition of Advanced Accounting, South-Western contracted with Professor Allen Drebin of Northwestern University to prepare a revision to be published as the Fifth Edition of Advanced Accounting.

24. Based on the facts recited above, the Court finds that South-Western took all reasonable steps to request Simons to prepare the Fifth Edition of Advanced Accounting, and after such steps proved unsuccessful, it acted reasonably in all respects in hiring Professor Drebin to revise that work. Because of the pendency of this litigation, the Drebin revision has not been published. However, South-Western has published another text entitled Advanced Accounting written by other authors (Fischer, Leer and Taylor) not related to the Karrenbrock/Simons series.

25. South-Western, acting pursuant to the provisions of paragraph (A)(7), offered Simons a royalty of nine percent for the Sixth Edition of Intermediate Accounting and nine-and-one-quarter percent for the Fifth Edition of Advanced Accounting. Professors Smith and Skousen had contracted for a total royalty of seven percent between them for Intermediate Accounting, and Professor Drebin had contracted to revise Advanced Accounting for a royalty of six-and-three-quarters percent. This total royalty package of sixteen percent on each text was reasonable, and the allo-

cation between the new authors and Simons was also reasonable and within South-Western's discretion.

26. Simons has asserted a claim for damages for South-Western's distribution of certain ancillary materials, such as study guides and work papers, without compensation to Simons. Except for certain reproduction of printed materials for which South-Western has agreed to pay royalties, the Court finds these claims to be without merit. Simons did not participate in the preparation of certain of these materials, while in other cases the materials were given away as selling aids to increase sales of the texts upon which royalties were paid. Neither creates any additional obligation to Simons.

27. Shortly before the Sixth Edition of Intermediate Accounting was published in 1971, Simons unsuccessfully moved for a preliminary injunction to prevent its publication and sale and to prevent South-Western from utilizing his name in connection therewith. The first printing of that text was issued without Simons' name thereon and stated that the text had been "revised by" Professors Smith and Skousen. By stipulation filed on July 6, 1977 and requested by Simons, Simons consented to the use of his name as the author of the text, and the second and subsequent printings of the text listed the author as Harry Simons and stated that the edition had been revised by Professors Smith and Skousen. The attribution of authorship and revision in both printings was accurate and fair. There is no evidence that the printing with or without Simons' name were damaging to his reputation or that the Smith-Skousen revision was not up to the standards of earlier revisions.

28. Pursuant to Order of this Court dated January 31, 1978, South-Western deposited into the Court's Registry

the nine percent share of royalties for the Sixth Edition of Intermediate Accounting tendered to Simons.

29. The Court further finds in all respects as hereinafter set forth in the Conclusions of Law.

CONCLUSIONS OF LAW

The Court concludes:

1. In all respects as set forth in the foregoing Findings of Fact.

2. Said Findings having been made upon issues which are determinative of this action, any further Findings or Findings upon issues other than those embraced in the foregoing Findings would be immaterial and are not made for that reason.

3. The Court has jurisdiction of these actions pursuant to 28 U.S.C. §§ 1332 and 1338.

4. Venue of these actions is properly laid in this District.

5. Paragraph (A)(7) of the contracts for the Fourth Edition of Advanced Accounting and the Fifth Edition of Intermediate Accounting controls the parties' rights with respect to preparation of future revisions of those texts.

6. Pursuant to Paragraph (A)(3) of the contracts, South-Western owns all rights in the texts, including the right to publish and sell future revisions thereof.

7. Pursuant to Paragraph (A)(6) of the contracts, South-Western owns all right, title and interest in the texts with the sole exception of any royalty payable to the revisor.

8. South-Western's contractual rights to publish revised editions of the texts under Paragraphs (A)(3), (A)(6) and (A)(7) of the contracts are in no way affected by Paragraph (C)(2) or (C)(9) of the contracts.

9. Simons has failed to prove as a matter of law that he is entitled to reformation of Paragraph (C)(2) of the

contracts by reason of any conduct of South-Western or by the mutual mistake of the parties.

10. Simons has no copyright or other proprietary right to any of the texts listed in Finding 6. However, even if he had owned all prior copyrights, the contractual provisions referred to in Conclusions 5, 6 and 7 above would control the parties' rights and obligations.

11. South-Western is the rightful holder of the copyright to each of the texts listed in Finding 6. South-Western also is the rightful holder of the renewal copyrights to the 1949 edition of Intermediate Accounting and to the 1949 edition of Advanced Accounting, renewal copyright certificate numbers R-647235 and R-647236, respectively, and Simons' competing renewal copyright certificates numbered R-633582 and R-641363 are therefore null and void. Simons' claim for copyright infringement is without merit, it having been the intention of the parties that South-Western own all copyrights, including renewals, and the 1949 revision being in any event a work made for hire.

12. South-Western complied in all respects with its obligations under the contracts with Simons.

13. Simons breached his obligations under the contracts with South-Western.

14. Simons is not entitled to prevent the publication of the Sixth and subsequent editions of Intermediate Accounting or the Fifth and subsequent editions of Advanced Accounting on any of the grounds asserted in this action.

15. Simons has no right to be named as author of the Sixth and subsequent editions of Intermediate Accounting or of the Fifth and subsequent editions of Advanced Accounting, and his name may not be used as the author of any editions without his written consent, provided that

South-Western may identify such revisions as successors to the earlier texts.

16. Simons has no right to share in the proceeds of the sales of the Seventh and subsequent editions of Intermediate Accounting or of the Sixth and subsequent editions of Advanced Accounting, and his right to share in the proceeds of the Sixth Edition of Intermediate Accounting and the Fifth Edition of Advanced Accounting is limited to the allocations of royalties heretofore made by South-Western under paragraph (A)(7) of the contracts.

17. South-Western did not unfairly compete with Simons by publishing the Sixth Edition of Intermediate Accounting or by its attribution of authorship and revision credit in connection with Intermediate Accounting.

18. South-Western has not and will not violate any fiduciary obligation to Simons on any of the grounds asserted in this litigation by publication of the Sixth and future editions of Intermediate Accounting or the Fifth and future editions of Advanced Accounting, or other texts of the same title.

19. Judgment is ordered entered in favor of South-Western in Case No. CV 76-2556 DWW. The complaint and counterclaims in Case No. CV 77-0625 DWW are ordered dismissed because the issues raised therein are included in

the issues raised in Case No. CV-76-2556 DWW. South-Western shall recover its taxable costs herein incurred.

LET JUDGMENT BE ENTERED ACCORDINGLY.

/s/ David W. Williams
United States District Judge

DATED: On ths 10th day of October, 1978.

Submitted By

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BENNETT W. PRIEST
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Approved as to Form ( )
Disapproved as to Form ( )

KATZ, HOYT AND BELL

By _____
Mitchell N. Reinis
Attorneys for Harry Simon

Receipt Acknowledged this 28th day of September, 1978 at ..... o'clock a.m./p.m.

KATZ, HOYT AND BELL

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Mitchell N. Reinis
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Opposition

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No. 81 - 1345

IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

HARRY SIMONS,

Petitioner,

vs.

SOUTH-WESTERN PUBLISHING CO.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether the courts below correctly determined that the evidence demonstrated that (i) petitioner breached his publishing contracts with respondent by failing to revise two accounting textbooks, and (ii) petitioner had assigned to respondent the renewal copyrights to earlier editions of those textbooks, and thus respondent's 1977 publication of a revised textbook did not infringe any competing renewal copyright of petitioner.

The following information is provided pursuant to this Court's Rule 28.1. Since February 20, 1980, respondent South-Western Publishing Co. has been a wholly-owned subsidiary of SFN Companies, Inc. Prior to February 20, 1980, respondent was a wholly-owned subsidiary of Scott, Foresman and Company which is now also a wholly-owned subsidiary of SFN Companies, Inc.

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No. 81-1345

IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

HARRY SIMONS,

Petitioner,

vs.

SOUTH-WESTERN PUBLISHING CO.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

Respondent South-Western Publishing Co. ("South-Western") respectfully requests that the Court deny the Petition for Writ of Certiorari seeking review of the opinion of the United States Court of Appeals for the Ninth Circuit in this case. That opinion is reported at 651 F.2d 653, Appendix to Petition ("App.") A 6.

STATEMENT OF THE CASE

This is a contract dispute between petitioner Harry Simons ("Simons"), a retired accounting professor and textbook writer, and his publisher, respondent South-Western. Between 1949 and 1972 Simons co-authored several editions of two college-level accounting textbooks entitled INTERMEDIATE ACCOUNTING and ADVANCED ACCOUNTING. South-Western sought a declaration that Simons had failed to prepare revised editions of the textbooks, which would entitle South-Western to invoke contract provisions authorizing it to hire new authors, allocate royalties between Simons and the new authors, and conclude Simons' further involvement. 651 F.2d at 655, App. A 7. Simons also sued, contending that he had not failed to revise, that South-Western could not reduce or terminate his participation in future editions, that he owned the renewal copyrights to the initial 1949 versions of the textbooks, and that South-Western had infringed his renewal copyright by the 1977 publication of the Sixth Edition of INTERMEDIATE ACCOUNTING. *Id.*, App. A 7-8.

The District Court, sitting as trier of fact, found that Simons failed to comply with contractual clauses requiring him to revise the textbooks upon South-Western's request. App. A 4, Findings of Fact ("FF") 17 & 22, Conclusion of Law ("CL") 13.[1] The court further found that South-Western acted reasonably in hiring new authors and allocating royalties. With regard to the copyright question, the trial court "conclude[d] from the evidence that there ha[d] been a failure on the part of [petitioner] to prove that he ha[d] a copyright or other proprietary right to the text in question . . . ." App. A 3; *see* FF 20, 24 & 25. South-Western's renewal copyrights to the 1949 textbooks were thus valid, and hence South-Western neither infringed Simons'

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[1] Simons' Appendix does not contain the District Court's extensive Findings of Fact and Conclusions of Law, and the Petition never cites them, even though this Court's Rule 21.1(k)(i) requires them and they are controlling in the appellate process. *E.g.*, United States v. Cornish, 348 F.2d 89, 94 (9th Cir. 1964); 9 C. A. WRIGHT & A. MILLER, FEDERAL PRACTICE AND PROCEDURE § 2580, at 719 (1971). We have referred to those findings where appropriate.

claimed competing renewal copyright by publishing the Sixth Edition nor was it required to use Simons' name on any future editions. App. A 4, FF 6, 7, 11 & 15.

The Court of Appeals, after noting that it was reviewing matters of "contractual meaning and intent [which are] questions of fact for the trial court," unanimously affirmed. 651 F.2d at 655, 656-58, App. A 8, 9, 10-13. It dismissed Simons' contractual interpretation arguments as "a number of frivolous points" (*id.* at 656, App. A 10), and it agreed with the lower court's findings that Simons failed to revise the texts in question, permitting South-Western to hire new authors. *Id.* at 656-57, App. A 12. The Court of Appeals also affirmed the trial court's findings and conclusions that South-Western had reasonably allocated royalties and concluded Simons' further participation in the texts. *Id.* at 656-58, App. A 12-13. And the court upheld the finding that the copyright renewals to the 1949 editions had been assigned to South-Western, as were all prior and subsequent copyrights. *Id.* at 656, App. A 14. No circuit judge requested a rehearing or a rehearing *en banc.*

REASONS FOR DENYING THE WRIT

I. REVIEW OF THIS CASE WOULD REQUIRE THIS COURT TO DECIDE WHETHER THE LOWER COURTS DREW PROPER CONCLUSIONS FROM THE EVIDENTIARY FACTS.

This case is controlled by factual determinations regarding the conduct of the parties which were made by the trial court and unanimously affirmed by the Ninth Circuit. Beyond their effect on the parties these findings have no general importance.

Three questions were presented by this case and decided by the courts below: (1) Did petitioner fail or refuse to revise the accounting textbooks at South-Western's request; (2) did South-Western act reasonably in hiring new authors to revise the textbooks and in allocating royalties between petitioner and those new authors; and (3) did the parties intend that South-Western be assigned the renewal copyrights to the 1949 editions of the textbooks, along with the original copyrights, thus

preventing Simons from proving that the publication of the Sixth Edition of INTERMEDIATE ACCOUNTING infringed his competing renewal copyright? The District Court answered "yes" to each question. App. A 3-4, FF 6, 7, 11, 15, 17, 20, 22, 24 & 25, CL 10-13. The Court of Appeals unanimously affirmed. 651 F.2d at 656-58, App. A 12-14.

Simons cannot realistically dispute that those questions are purely factual.[2] Whether he failed or refused to revise the textbooks is patently a question controlled by the evidence. Whether South-Western acted "reasonably" in response to Simons' conduct is strictly a decision to be made after reviewing and weighing the conflicting facts.

The presence of a pendent copyright issue does not change the factual nature of this case. Whether Simons assigned to South-Western ownership of the renewal copyright is a question of the parties' intent and thus an issue of fact. 651 F.2d at 656, App. A 9. The Petition expressly concedes this. Pet. 16.[3]

It is not this Court's function on certiorari "to review a conflict of evidence or to reverse a Court of Appeals because were we in its place we would find the record tilting one way rather than the other, though fair-minded judges could find it tilting either way." *NLRB v. Pittsburgh Steamship Co.*, 340 U.S. 498, 502 (1951); *see United States v. Johnson*, 268 U.S. 220, 227 (1925) ("We do not grant a certiorari to review evidence and discuss specific facts."). That is particularly true when, as here, there are "concurrent findings of fact by [the] two courts below . . . ." *Graver Manufacturing Co. v. Linde Co.*, 336 U.S. 271, 275

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[2] To the extent Simons contends that both lower courts improperly interpreted the contracts (*see* Pet. 26-28), he presents only a question of state law which is inappropriate for review by this Court. *See* Butner v. United States, 440 U.S. 48, 58 (1979).

[3] Even if the work for hire question which we discuss below were properly presented by this record, that issue also depends upon the interpretation of conflicting facts. *See* May v. Morganelli-Heumann & Associates, 618 F.2d 1363, 1368-69 (9th Cir. 1980); Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 488 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977).

(1949); *see, e.g., United States v. Reliable Transfer Co.*, 421 U.S. 397, 401 n.2 (1975).

II. PETITIONER'S COPYRIGHT ARGUMENTS ARE UNNECESSARY TO THE OUTCOME OF THIS CASE, WERE NOT GROUNDS FOR DECISION BELOW AND ARE OF NO CONTINUING IMPORTANCE IN LIGHT OF THE 1976 REVISION OF THE COPYRIGHT ACT.

The holding of the Court of Appeals that the renewal copyrights had been assigned to South-Western (651 F.2d at 656, App. A 9, 14) fully resolved the copyright question. In light of that holding, there was no need for the court to discuss Simons' alternative argument on the work for hire issue.[4] The findings below on petitioner's intent to assign make unnecessary this Court's consideration of the work for hire issue.

Petitioner nevertheless urges review of his claim that he owns the renewal copyrights to the 1949 textbooks because he was an independent contractor, and that South-Western does not hold them as the proprietor of works made for hire. Pet. 20-23. Simons also suggests that this Court should upset its own long-standing precedent, *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943), and rule that petitioner could not have assigned the renewal copyright prior to the year he was eligible to apply for it. Pet. 18-20. Neither argument was discussed by the Court of Appeals; neither is of continuing importance to the law of copyright; and neither has merit.

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[4] Indeed, the Ninth Circuit disposed of this question as one of the "[o]ther issues [that Simons raised] but [that did] not warrant discussion." 651 F.2d at 658, App. A 13.

A. Petitioner's Work for Hire Argument Is Without Merit and Is Inappropriate for Review.

The linchpin of petitioner's work for hire argument — that he could not be the author of a work made for hire because he was an "independent contractor" — is without support as a matter of law. An independent contractor may prepare a work made for hire as well as a full-time salaried employee. *E.g., Murray v. Gelderman,* 566 F.2d 1307, 1310-11 (5th Cir. 1978); *Lin-Brook Builders Hardware v. Gertler,* 352 F.2d 298, 300 (9th Cir. 1965); *R. Dakin & Co. v. Charles Offset Co.,* 441 F. Supp. 434 (S.D.N.Y. 1977).

Moreover, as Simons concedes, the Court of Appeals did not rule upon the work for hire question. Pet. 20. That question is thus "without a lower court opinion on the legal issue" and should not be taken up for the first time by this Court. *NLRB v. Sears, Roebuck & Co.,* 421 U.S. 132, 163-64 (1975).

In addition, Simons' work for hire claim is of no importance to the ongoing administration of the Copyright Act. He argues that under the current versions of 17 U.S.C. §§ 101 & 201(b) (Supp. II 1978) "there must exist a signed written instrument" for there to be a work for hire relationship. Pet. 22.[5] But the present Copyright Act did not take effect until January 1, 1978, and Sections 101 & 201(b) of Title 17 do not apply to works published and copyrighted before that date, as the 1949 textbooks were. *See* Pub. L. No. 94-553, § 102, 90 Stat. 2598-99. Moreover, the 1976 revision of the Copyright Act mandates that "[a]ll causes of action that arose under title 17 before January 1, 1978 shall be governed by title 17 as it existed when the cause of action arose." *Id.* §112, 90 Stat. 2660. Simons' claim necessarily arose before 1978. It was filed on August 10, 1976, and the publication of the allegedly infringing textbook occurred in

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[5] The 1909 Copyright Act, under which this case arose, did not require an express written instrument as a prerequisite to a work for hire finding. *See* Act of March 4, 1909, ch. 320, §§ 24 & 62, 35 Stat. 1080, 1087-88 (formerly 17 U.S.C. §§ 24 & 26 (1976)).

1977. Petitioner is therefore unable to present a question of the proper interpretation of the existing Copyright Act.

Questions arising under a repealed statute do not merit review in this Court. *See Rice v. Sioux City Memorial Park Cemetery, Inc.*, 349 U.S. 70, 73-74, 77 (1955) (dismissing certiorari as improvidently granted); *District of Columbia v. Sweeney*, 310 U.S. 631 (1940) (denying petition for writ of certiorari because the "statute . . . has been repealed and the question is therefore not of public importance.").

B. There Is No Reason To Grant Certiorari To Review This Court's Long-Standing Rule That Renewal Copyrights May Be Assigned.

Petitioner complains of the Ninth Circuit's implicit adherence to *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943), which permits an author to assign a renewal copyright prior to the final year of the initial copyright. Pet. 19. Simons gives no reason — other than his personal dissatisfaction with the result *Fisher* dictates in this case — to upset a rule of nearly forty years' standing and upon which countless authors, publishers and copyright assignees have relied.

Congress considered this precise question in 1976 when it rewrote the copyright laws. It then determined that a change in the law of renewal copyrights for works existing prior to 1978 would create chaos among copyright holders. *See* H.R. REP. No. 1476, 94th Cong., 2d Sess. 139 (1976) (noting that it "would be unfair and immensely confusing to cut off or alter these [renewal] interests.").

III. NEITHER THE RECORD NOR THE DECISION BELOW PRESENTS ANY REASON TO REVIEW PETITIONER'S LANHAM ACT CLAIM.

Petitioner urges that the deletion of his name from the authorship attribution on the first printing of the Sixth Edition of INTERMEDIATE ACCOUNTING was unfair and thus violated Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1976). He also argues that similarly unfair attributions will occur if subsequent editions delete his name. Pet. 25-26. Although Simons

puts forward no reason why this Court should review that question, several factors militate against review.

As a matter of the factual record, the Lanham Act claim is meritless. The District Court found that Simons' name had been deleted from the first printing of the Sixth Edition of INTERMEDIATE ACCOUNTING at his request after he moved for a preliminary injunction to prevent the use of his name on that text. FF 27. When, by formal stipulation, Simons agreed to the use of his name on the text, South-Western promptly added it to the second printing. *Id.* It would hardly be fair to punish South-Western for merely complying with Simons' own wishes. With respect to future editions, the question of accurate attribution of authorship obviously must await their publication and the development of a record based on the situation at that time.

Simons' argument based on the Ninth Circuit's decision in *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981), is equally unworthy of review. First, petitioner can specify no conflict between the circuits, as *Smith* was a case of "first impression." 648 F.2d at 604; *see* Pet. 23. Second, a conflict within the Ninth Circuit on this point would be insufficient to justify certiorari. *See Davis v. United States*, 417 U.S. 333, 340 (1974). In any event, no such conflict exists and none was perceived by the panel deciding the case below. *Smith* was decided by the Court of Appeals six weeks before this case, and the opinion below does not discuss that case. *See NLRB v. Sears, Roebuck & Co.*, 421 U.S. at 164.

CONCLUSION

For the foregoing reasons the Court should deny the petition for writ of certiorari.

Respectfully submitted,

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March 1982.